



TYSAN HOLDINGS LIMITED

泰昇集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 687)

2019

Interim Report



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Management Discussion and Analysis

The board of directors of Tysan Holdings Limited (the “Company”) (“Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2019. During the period under review, the Group recorded a turnover of HK\$1,346 million (period ended 30 June 2018: HK\$1,543 million) and a loss attributable to ordinary equity holders of the Company of HK\$1,121 million (period ended 30 June 2018: profit of HK\$1,054 million), representing a loss of HK\$0.33 per ordinary share of the Company (“Share”) (period ended 30 June 2018: an earning of HK\$0.31 per Share).

Mandatory Unconditional Cash Offer and Change of Company Name

The Company has become a subsidiary of Times Holdings II Limited (“Times Holdings II”) on 27 March 2019. The mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by Times Holdings II and its concert parties and comparable offers to the optionholders for all share options (which confer rights on the optionholders to subscribe for new Shares) by way of cancellation of the share options (collectively, the “Offers”) were closed on 2 May 2019.

In order to better reflect the brand by which the Group is better known, the Company completed the process of change of company name, and its stock short name of the Shares for trading on The Stock Exchange of Hong Kong Limited became effective on 15 August 2019.

Business Review

Foundation Piling

For the period under review, turnover of the Group’s foundation piling segment was HK\$1,251 million (30 June 2018: HK\$1,290 million). The segment recorded a net loss of HK\$66 million as compared to the corresponding period last year (net profit of HK\$38 million). The loss was mainly attributed to accounting treatment of the profit generated from the Division’s works performed for the Group’s own development projects, which were recorded as inter-division profits instead of accounted for in the Group’s net profit.

Market competition remained intense. The Group’s major contracts on hand include, inter alia, a public housing project at Pak Tin Estate Phase 10; the private development projects at New Kowloon Inland Lots No. 6549 and No. 6550 and Area 54 in Siu Hong, Tuen Mun; and the commercial development projects at Kai Tak twin towers, Taikoo Place Phase 2B, Tsuen Wan Town Lot No. 428 on Ma Kok Street, Tsuen Wan Town Lot No. 49 on Sha Tsui Road and Inland Lot No. 9065 on Gage Street and Graham Street.

Property Development and Investment

Hong Kong Market

Disposal of subsidiaries holding the land parcel known as New Kowloon Inland Lot No. 6563

On 15 February 2019, Omnilink Assets Limited (“Omnilink”) disposed of the entire issued capital of Twinpeak Assets Limited (“Twinpeak”) and all amounts owing by Twinpeak to Omnilink at the date of completion, at a total cash consideration of approximately HK\$3,912 million. One of the principal assets of Twinpeak comprised the entire issued capital of Milway Development Limited, the owner of the development under construction on New Kowloon Inland Lot No. 6563 on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong. Completion of the said disposal took place on 15 February 2019. Details of the said disposal have been set out in the announcements of the Company dated 1 February 2019 and 15 February 2019 respectively and the Company’s circular dated 25 February 2019.

Management Discussion and Analysis

Acquisition and disposal of companies holding CentreHollywood

On 28 February 2019, Fundamental Assets IV Limited (“Fundamental Assets IV”), a wholly-owned subsidiary of the Company, completed the acquisition of the entire issued capital of Superior Choice Holdings Limited (“Superior Choice”) and all amounts which Superior Choice and Excel Pointer Limited (“Excel Pointer”), the wholly-owned subsidiary of Superior Choice, owed to Jinshang International Investment Company Limited as at the date of completion, at a total cash consideration of HK\$700 million. One of the principal assets of Superior Choice comprised the entire issued capital of Excel Pointer, the owner of “CentreHollywood” situated at No. 151 Hollywood Road, Hong Kong. Details of the said acquisition have been set out in the announcement of the Company dated 28 February 2019.

On 19 June 2019, Fundamental Assets IV as vendor, the Company as the guarantor of Fundamental Assets IV, entered into a sale and purchase agreement with New Pursue Limited (the “Purchaser”) and Emperor International Holdings Limited as the guarantor of the Purchaser pursuant to which Fundamental Assets IV would sell and assign to the Purchaser, and the Purchaser would purchase and take the assignment from Fundamental Assets IV, ten ordinary issued shares of Superior Choice, and all, if any, loan(s) owing by Superior Choice to Fundamental Assets IV as at and immediately before completion of the said disposal for a total consideration of HK\$595 million (subject to adjustments). The said disposal was completed on 19 August 2019. Details of the said disposal have been set out in the announcements of the Company dated 19 June 2019 and 19 August 2019 respectively.

As disclosed in the composite document published by the Company and Times Holdings II dated 11 April 2019 in relation to the Offers, Times Holdings II intended to optimise and rationalise the assets portfolio of the Group by realising the real estate assets of the Group in Hong Kong. Having considered the recent conditions and trend of the property market in Hong Kong, the Directors consider that the said disposal represented a good opportunity for the Group to realise its interest for cash for other investment opportunities.

PRC Market

Update on disposal of a subsidiary holding The Pinnacle in Shenyang (“Shenyang Disposal”)

On 13 November 2017, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with Hainan HNA Infrastructure Investment Group Co., Ltd., a subsidiary of HNA Group Co., Ltd., for the disposal of the entire equity interests in Tysan Land (Shenyang) Limited which is holding The Pinnacle. The Company expects the Shenyang Disposal will be completed in 2019. Details of the Shenyang Disposal were set out in the announcements of the Company dated 13 November 2017, 4 December 2017 and 27 December 2017, respectively and the circular of the Company dated 7 December 2017.

Investment Activities

Investment in Hainan Railway

The Group entered into a partnership agreement with Haikou Xincheng District Equity Investment Fund Management Co., Ltd.* (海口新城區股權投資基金管理有限公司) on 6 June 2018 to prepay the capital contribution of RMB300 million to Hengqin Zhonghang Equity Investment Fund Partnership (Limited Partnership)* (橫琴眾航股權投資基金合夥企業(有限合夥)) that will participate in a tender for acquisition of 38.73% interest in Hainan Railway Company Limited* (海南鐵路有限公司) which mainly engages in the operation and management of Roundabout High Speed Railway in Hainan province* (海南省環島高鐵). For more details, please refer to the Company’s announcement dated 6 June 2018.

Management Discussion and Analysis

Convertible Bonds

On 13 June 2018, the Group agreed to subscribe for the convertible bonds (the “Bonds”) which were issued by Holistic Capital Investment Limited (“Holistic”) in the principal amount of HK\$800 million on 30 June 2018. The coupon rate of the Bonds is 8% and the term of the Bonds is 3 years. Holistic is a wholly-owned subsidiary of Hong Kong Air Cargo Carrier Limited, which in turn is wholly-owned by Hong Kong Airlines Limited.

According to the terms of the Bonds, a potential equity investment in one of the world’s leading air cargo terminal operator (the “Potential Investment”) was expected to be consummated on or before 31 December 2018. As disclosed in the announcement of the Company dated 7 August 2019, the Board of Directors is aware that the Potential Investment has not yet been consummated. The Group has a right of redemption in respect of the Bonds and has issued notices to Holistic and the guarantors of the Bonds in connection with its redemption rights. The Group has also sought legal advice on recovery actions in connection with the Bonds.

For more details, please refer to the Company’s announcement dated 13 June 2018 and the Company’s circular dated 24 July 2018 and also the Company’s announcement dated 7 August 2019 respectively.

Share Premium Reduction

At the annual general meeting of the Company held on 12 June 2019, the shareholders of the Company (the “Shareholders”) approved a special resolution to reduce the share premium of the Company, and the amount of HK\$10,004,287,912.58 standing to the credit of the share premium account was cancelled; the credit arising therefrom was transferred to the contributed surplus account of the Company which may be used in any manner permitted under the Company’s bye-laws including payment of dividends to the Shareholders from time to time.

Prospects

The Group will continue to pursue the core objective of creating maximum value for Shareholders. While continuing to consolidate the existing business operations, we will continue to explore any suitable investment opportunities prudently. In view of the continued trade tension between China and the United States, the recent economic conditions and the social conditions in Hong Kong, the Group will take a more cautious approach in evaluating new investment opportunities. The strategies of the Group are set out below:

Foundation piling and construction

Competition is expected to remain keen in the near future. Profit margin as a whole has been negatively impacted due to market factors such as labour shortages, rising operating costs and intensified competition. This trend is expected to affect the Group’s performance for the financial year ending 31 December 2019. However, there are signs of modest pick-up of foundation piling activities, and the Group will pursue more projects to contribute to the long-term development of the Group.

The Group will also reinforce development in the foundation piling business to enhance its competitiveness.

Property Development and Investment

In light of the recent economic conditions, the Group will be cautious and prudent in assessing potential investment opportunities.

Management Discussion and Analysis

Financial Review

The Group continues to adopt a prudent financial policy and sustain a sound capital structure with healthy cashflow. As at 30 June 2019, the Group's cash on hand was about HK\$7,519 million (31 December 2018: HK\$4,903 million) while total assets and net assets (after deducting non-controlling interests) were about HK\$12,322 million (31 December 2018: HK\$17,318 million) and HK\$6,077 million (31 December 2018: HK\$12,163 million), respectively. As at 30 June 2019, the Group's net current assets amounted to HK\$5,945 million (31 December 2018: HK\$15,523 million). As at 30 June 2019, the Group's interest-bearing borrowings (excluding those interest-bearing borrowings of a subsidiary to be disposed of) were about HK\$109 million (31 December 2018: HK\$3,833 million), out of which about HK\$40 million (31 December 2018: HK\$299 million) were borrowings at fixed interest rate. The Group's gearing ratio, calculated on the basis of total interest-bearing borrowings (excluding those interest-bearing borrowings of a subsidiary to be disposed of) divided by shareholders' equity, was 2% as at 30 June 2019 (31 December 2018: 32%). Contingent liabilities in relation to guarantees of performance bonds increased from HK\$325 million as at 31 December 2018 to HK\$382 million as at 30 June 2019 while guarantees for end user mortgage loans amounted to HK\$4 million (31 December 2018: HK\$5 million). Certain of the Group's assets with an aggregate carrying amount of about HK\$150 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings are primarily denominated in Hong Kong dollars. Currency exposure has been monitored and forward contracts will be considered as required.

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong, Macau and the PRC, employed approximately 919 employees as at 30 June 2019. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include mandatory provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend of HK\$0.21 (period ended 30 June 2018: Nil) per Share for the six months ended 30 June 2019. The interim dividend will be payable on 30 September 2019 to shareholders whose names appear on the Company's register of members on 10 September 2019.

* *English translations of the company names from the Chinese language are marked with “*” and are provided for identification purpose only.*

Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited save for the following deviations:

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive directors of the Company (“Non-executive Directors”) and independent non-executive directors of the Company (“Independent Non-executive Directors”) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. As such, the Board of Directors is of the view that Non-executive Directors and Independent Non-executive Directors do not have to be appointed for a specific term.

Code Provision A.7.1 stipulates that for regular board meetings and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).

Board papers for an ad-hoc board meeting held on 11 February 2019 were sent to the directors of the Company (the “Directors”) less than 3 days before the intended date of a board meeting.

Rule 3.10A of the Listing Rules

Pursuant to Rule 3.10A of the Listing Rules, the Company is required to appoint independent non-executive directors representing at least one-third of the Board.

- (a) On 26 October 2018, Mr. Leung Kai Cheung resigned as an Independent Non-executive Director. Together with eight executive Directors of the Company (“Executive Directors”), two Non-executive Directors and four Independent Non-executive Directors, there were a total of 14 Directors. On 21 January 2019, Mr. Chong Kin Ho was appointed as an additional Independent Non-executive Director. Hence, the Company has failed to meet the requirement under Rule 3.10A of the Listing Rules, where the Company is required to appoint additional independent non-executive directors representing at least one-third of the Board for the period between 26 October 2018 and 20 January 2019. Nevertheless, the Company met the requirements of Rule 3.11 of the Listing Rules that the Company should appoint an additional independent non-executive director to meet such requirement under Rule 3.10A within three months after failing to meet such requirements.
- (b) As set out in the announcement of the Company dated 11 April 2019, following the change of control of the Company there was a change in composition of the Board and six Non-executive Directors were appointed with effect from 11 April 2019. Together with eight Executive Directors, two Non-executive Directors and five Independent Non-executive Directors, there were a total of 21 Directors.

As further set out in the announcement of the Company dated 3 May 2019, six Executive Directors, two Non-Executive Directors and one Independent Non-executive Director resigned from the Board with effect from 3 May 2019. Following the above resignations, the Board comprises 12 members, with two Executive Directors, six Non-executive Directors and four Independent Non-executive Directors. As the number of Independent Non-executive Directors represents one third of the members of the Board, the number of Independent Non-executive Directors has satisfied the requirements under Rule 3.10A of the Listing Rules.

Hence, the Company has failed to meet the requirement under Rule 3.10A of the Listing Rules, where the Company is required to appoint additional independent non-executive directors representing at least one-third of the Board for the period between 11 April 2019 and 2 May 2019.

Corporate Governance

Audit Committee

As at the date of this report, the Group's audit committee ("Audit Committee") comprises four members, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee who are Independent Non-executive Directors. The Chairman of the Audit Committee is Mr. Fan Chor Ho.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, review the Group's financial information, compliance and provide advice and comments to the Board of Directors.

The unaudited condensed interim financial statements of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry, all the Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the period under review.

Other Information

Directors' and Chief Executive's Interests and Long Positions in Shares and Underlying Shares

As at 30 June 2019, none of the directors of the Company (the "Directors") and chief executive of the Company ("Chief Executive") had registered an interest or long positions in the shares and underlying shares of the Company or its associated corporation (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").

As at 30 June 2019, none of the Directors or Chief Executive had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants including the Directors and other employees of the Group who contribute to the success of the Group's operations. On 8 August 2012, the Company adopted a share option scheme (the "Share Option Scheme"). On 17 December 2018, a grantee exercised share options of the Company (the "Share Options") to subscribe for 1,200,000 shares of the Company (the "Shares") and 1,200,000 Shares were issued as a result of the exercise of the Share Options on 15 January 2019.

Following the close of mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by Times Holdings II Limited ("Times Holdings II") and its concert parties and to make comparable offers to the optionholders for all share options (which confer rights on the optionholders to subscribe for new Shares) by way of cancellation of the share options (the "Option Offers") on 2 May 2019, valid acceptances in respect of a total of 309,610,000 Share Options under the Option Offers (of which 232,680,000 Share Options had an exercise price of HK\$1.75 per Share and 76,930,000 Share Options had an exercise price of HK\$1.90 per Share), representing all of the Share Options outstanding as at the date of the composite document which was issued on 11 April 2019. Accordingly, no Share Option was outstanding as at 30 June 2019 under the Share Option Scheme. For more details, please refer to the joint announcement issued by the Company and Times Holdings II dated 2 May 2019.

Other Information

The following table discloses the movements in the Share Options outstanding for the six months ended 30 June 2019:

Number of Share Options

Name or category of participant	At 1 January 2019	Granted during the period	Exercise during the period	Exercised but shares not yet allotted during the period	Cancelled during the period	Lapsed during the period	At 30 June 2019	Date of grant	Exercise period	Exercise price HK\$ per Share
Existing Directors										
Fung Chiu Chak, Victor	20,000,000	-	-	-	(20,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Sun Kin Ho Steven	33,630,000	-	-	-	(33,630,000)	-	-	18-10-2018	18-10-2018 to 17-10-2028 ⁽²⁾	1.90
Fan Chor Ho	3,400,000	-	-	-	(3,400,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Tse Man Bun	3,400,000	-	-	-	(3,400,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Lung Chee Ming, George	3,400,000	-	-	-	(3,400,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Li Kit Chee	3,400,000	-	-	-	(3,400,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Past Directors										
Liu Junchun	20,000,000	-	-	-	(20,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Huang Qijun	34,000,000	-	-	-	(34,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Tang King Shing	8,000,000	-	-	-	(8,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
He Jiafu	15,000,000	-	-	-	(15,000,000)	-	-	18-10-2018	18-10-2018 to 17-10-2028 ⁽²⁾	1.90
Guo Ke	15,000,000	-	-	-	(15,000,000)	-	-	18-10-2018	18-10-2018 to 17-10-2028 ⁽²⁾	1.90
Mu Xianyi	20,000,000	-	-	-	(20,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Wong Tai Lun Kenneth	15,000,000	-	-	-	(15,000,000)	-	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽¹⁾	1.75
Yang Han Hsiang	8,000,000	-	-	-	(8,000,000)	-	-	18-10-2018	18-10-2018 to 17-10-2028 ⁽²⁾	1.90
Leung Kai Cheung	1,700,000	-	-	-	(1,700,000)	-	-	20-7-2018	20-7-2018 to 25-10-2019 ⁽³⁾	1.75
33 individuals in aggregate	106,900,000	-	-	-	(102,180,000)	(4,720,000)	-	20-7-2018	20-7-2018 to 19-7-2028 ⁽⁴⁾	1.75
3 individuals in aggregate	5,300,000	-	-	-	(5,300,000)	-	-	18-10-2018	18-10-2018 to 17-10-2028 ⁽⁵⁾	1.90
Total	316,130,000	-	-	-	(311,410,000)	(4,720,000)	-			

Other Information

Notes to the table of Share Options during the period:

- (1) Subject to the terms of the Share Option Scheme, each Grantee is allowed to exercise up to 50% of the Share Options granted from the date of grant up to and including 19 July 2028. Thereafter, each Grantee is allowed to exercise the remaining 50% of the Share Options from 1 January 2019 up to and including 19 July 2028.
- (2) Subject to the terms of the Share Option Scheme, each Grantee is allowed to exercise up to 50% of the Share Options granted from the date of grant up to and including 17 October 2028. Thereafter, each Grantee is allowed to exercise the remaining 50% of the Share Options from 1 January 2019 up to and including 17 October 2028.
- (3) Mr. Leung Kai Cheung resigned as an independent non-executive Director on 26 October 2018 due to health reasons. Subject to the terms of the Share Option Scheme, he is allowed to exercise up to 50% of the Share Options granted from the date of grant up to and within 12 months after his resignation, 25 October 2019. The remaining 50% of the Share Options were lapsed from the date of his resignation.
- (4) Subject to the terms of the Share Option Scheme, each Grantee is allowed to exercise up to 30% of the Share Options granted from the date of grant up to and including 19 July 2028. Thereafter, each Grantee is allowed to exercise a further 30% of the Share Options granted from 1 January 2019 up to and including 19 July 2028 and to exercise the remaining 40% of Share Options from 1 January 2020 up to and including 19 July 2028.
- (5) Subject to the terms of the Share Option Scheme, each Grantee is allowed to exercise up to 30% of the Share Options granted from the date of grant up to and including 17 October 2028. Thereafter, each Grantee is allowed to exercise a further 30% of the Share Options granted from 1 January 2019 up to and including 17 October 2028 and to exercise the remaining 40% of Share Options from 1 January 2020 up to and including 17 October 2028.

Save for the above, at no time during the period for the six months ended 30 June 2019 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Director or their respective spouse or minor children, or the Chief Executive or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate under the Share Option Scheme.

Other Information

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2019, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in Shares:

Name	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Blackstone Group Management L.L.C. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Holdings IV GP L.P. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Holdings IV GP Limited Partner L.L.C. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Holdings IV GP Management (Delaware) L.P. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Holdings IV GP Management L.L.C. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Holdings IV L.P. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
SCHWARZMAN Stephen A. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
The Blackstone Group L.P. ⁽¹⁾	Interest of controlled corporation	2,524,526,781	75.00%
Blackstone Real Estate Associates Asia II L.P. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
Blackstone Real Estate Partners Asia II L.P. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
BREP Asia II Holdings I (NQ) L.P. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
BREP Asia II Holdings I (NQ) Pte. Ltd. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
BREP Asia II L.L.C. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
BREP Asia II Ltd. ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
Times Holdings I Limited ⁽²⁾	Interest of controlled corporation	2,459,696,850	73.07%
Times Holdings II	Beneficial owner	2,459,696,850	73.07%
Chen Wai Wai Vivien ⁽³⁾	Executor or administrator	286,100,000	8.50%
Chow Suk Han, Anna ⁽³⁾	Executor or administrator	286,100,000	8.50%
Lee Pui Ling, Angelina ⁽³⁾	Executor or administrator	286,100,000	8.50%
Chen's Group International Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
Chen's Group Holdings Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
Nan Fung International Holdings Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
Nan Fung Group Holdings Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
NF Investment Holdings Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
Keymark Associates Limited ⁽⁴⁾	Interest of controlled corporation	286,100,000	8.50%
Gavast Estates Limited	Beneficial owner	286,100,000	8.50%
中國交通建設股份有限公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08%
中國路橋工程有限責任公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08%
中交疏浚(集團)股份有限公司 ⁽⁵⁾	Interest of controlled corporation	171,000,000	5.08%
香港海事建設有限公司	Beneficial owner	171,000,000	5.08%

Other Information

Notes:

1. These parties were deemed to have interests in long positions in 2,524,526,781 Shares under the SFO by virtue of their equity interests in Tides Holdings II Ltd. and Times Holdings II.
2. These parties were deemed to have interests in long positions in 2,459,696,850 Shares under the SFO by virtue of their equity interests in Times Holdings II.
3. These parties were executors of estate of Chen Din Hwa and deemed to have interests in long positions in 286,100,000 Shares under the SFO by a trust holding equity interests in Gavast Estates Limited.
4. These parties were deemed to have interests in long positions in 286,100,000 Shares under the SFO by virtue of their equity interests in Gavast Estates Limited.
5. These parties were deemed to have interests in long positions in 171,000,000 Shares under the SFO by virtue of their equity interests in 香港海事建設有限公司.

Apart from the foregoing, as at 30 June 2019, no person, other than the Directors and Chief Executive, whose interests are set out in the section headed “Directors’ and Chief Executive’s Interests and Long Positions in Shares and Underlying Shares” above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the period.

Other Information

Changes in information of the Directors

Changes in information of members of the board of Directors (the “Board”) and Board committees since the publication of the 2018 annual report of the Company and up to the date of this report are as follows:

- (a) Mr. Sun Kin Ho Steven resigned as the Co-Chairman of the Board, the chairman of the nomination committee of the Board (the “Nomination Committee”), a member of the remuneration committee of the Board (the “Remuneration Committee”), authorized representative as required under Rule 3.05 of the Listing Rules (the “Authorized Representative”) and an authorized representative of the Company pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 11 April 2019.
- (b) Mr. Chen Chao resigned as the Co-Chairman of the Board with effect from 11 April 2019 and resigned as an executive Director with effect from 3 May 2019.
- (c) Mr. He Jiafu resigned as the Vice Chairman of the Board, the Chief Executive Officer of the Company, a member of each of the Nomination Committee and the Remuneration Committee and the alternate to Mr. Fung Chiu Chak, Victor as an Authorized Representative with effect from 11 April 2019. Mr. He Jiafu resigned as an executive Director with effect from 3 May 2019.
- (d) Mr. Liu Junchun resigned as the Vice Chairman of the Board with effect from 11 April 2019 and resigned as an executive Director with effect from 3 May 2019.
- (e) Mr. Chong Kin Ho resigned as a member of the audit committee of the Board with effect from 11 April 2019 and resigned as an independent non-executive Director with effect from 3 May 2019.
- (f) Mr. Justin Wai was appointed as a non-executive Director, the Chairman of the Board, the chairman of the Nomination Committee, a member of the Remuneration Committee, an Authorized Representative and an authorised representative of the Company pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) with effect from 11 April 2019.
- (g) Mr. Fung Chiu Chak, Victor was appointed as a member of the Nomination Committee with effect from 11 April 2019.
- (h) Mr. Wang Tianbing was appointed as a non-executive Director, member of each of the Nomination Committee and the Remuneration Committee with effect from 11 April 2019.
- (i) Mr. David Robert McClure was appointed as a non-executive Director with effect from 11 April 2019.
- (j) Mr. Lau Che Hang Alex was appointed as a non-executive Director with effect from 11 April 2019.
- (k) Mr. Wu Charles Hsing-yuan was appointed as a non-executive Director with effect from 11 April 2019.
- (l) Mr. Yuen Pak Man was appointed as a non-executive Director and the alternate to Mr. Fung Chiu Chak, Victor as an Authorised Representative with effect from 11 April 2019.

Other Information

- (m) Mr. Huang Qijun resigned as an executive Director with effect from 3 May 2019.
- (n) Mr. Guo Ke resigned as an executive Director with effect from 3 May 2019.
- (o) Mr. Zhang Peihua resigned as an executive Director with effect from 3 May 2019.
- (p) Mr. Tang King Shing resigned as a non-executive Director with effect from 3 May 2019.
- (q) Mr. Yang Han Hsiang resigned as a non-executive Director with effect from 3 May 2019.

An updated list of Directors identifying their roles and functions and whether they are executive Directors, non-executive Directors or independent non-executive Directors has been maintained on www.tysan.com (i.e. Company's website) and www.hkexnews.hk (i.e. Stock Exchange's website).

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
REVENUE	3,4	1,346,151	1,543,435
Cost of sales		(1,381,001)	(1,443,293)
Gross profit/(loss)		(34,850)	100,142
Other income and gains	5	77,162	155,731
Gain/(loss) on disposal of subsidiaries	19	(692,526)	1,026,615
Selling expenses		(5,643)	(12,157)
Administrative expenses		(81,817)	(69,910)
Fair value changes of an investment property		(105,000)	–
Other expenses, net		(233,624)	(23,024)
Finance costs		(29,462)	(25,463)
PROFIT/(LOSS) BEFORE TAX	6	(1,105,760)	1,151,934
Income tax expense	7	(15,431)	(98,417)
PROFIT/(LOSS) FOR THE PERIOD		(1,121,191)	1,053,517
Attributable to:			
Ordinary equity holders of the Company		(1,121,181)	1,053,522
Non-controlling interests		(10)	(5)
		(1,121,191)	1,053,517
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		(HK33.31 cents)	HK30.96 cents
Diluted		(HK33.31 cents)	N/A

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(1,121,191)	1,053,517
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange difference on translation of foreign operations	822	(25,807)
Release of exchange difference upon disposal of subsidiaries	–	(72,962)
Release of exchange difference upon deregistration of a subsidiary	–	(561)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD, NET OF TAX	822	(99,330)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD	(1,120,369)	954,187
Attributable to:		
Ordinary equity holders of the Company	(1,120,359)	954,192
Non-controlling interests	(10)	(5)
	(1,120,369)	954,187

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	262,147	254,270
Right-of-use assets		13,490	–
Prepayments, deposits and other receivables		2,025	2,197
Deferred tax assets		–	367
Total non-current assets		277,662	256,834
CURRENT ASSETS			
Properties under development		–	7,476,000
Inventories		28,388	32,312
Contract assets		977,636	923,526
Trade receivables	11	248,736	167,135
Prepayments, deposits and other receivables	12	435,351	1,033,451
Financial assets at fair value through profit or loss	13	1,030,625	1,292,262
Tax prepaid		31,764	30,778
Structured deposits		–	580,686
Pledged bank balances		–	37,469
Restricted cash		–	1,430,897
Cash and cash equivalents		7,518,614	2,854,257
Assets of disposal groups classified as held for sale	20	10,271,114 1,772,985	15,858,773 1,202,864
Total current assets		12,044,099	17,061,637
CURRENT LIABILITIES			
Trade and retention payables and accruals	14	558,893	693,071
Dividend payable	8	4,981,733	–
Other payables, deposits received and receipts in advance		1,275	3,755
Contract liabilities		64,392	69,197
Lease liabilities		15,660	–
Interest-bearing bank borrowings		4,000	232,952
Tax payable		34,878	80,136
Liabilities directly associated with the assets classified as held for sale	20	5,660,831 437,778	1,079,111 459,272
Total current liabilities		6,098,609	1,538,383
NET CURRENT ASSETS		5,945,490	15,523,254

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

	<i>Note</i>	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,223,152	15,780,088
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		64,699	3,001,340
Other borrowing		–	300,000
Guaranteed notes		40,128	298,857
Lease liabilities		21,474	–
Deferred tax liabilities		19,765	17,228
Total non-current liabilities		146,066	3,617,425
Net assets		6,077,086	12,162,663
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	15	336,603	336,483
Reserves		5,740,495	11,826,182
		6,077,098	12,162,665
Non-controlling interests		(12)	(2)
Total equity		6,077,086	12,162,663

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to ordinary equity holders of the Company										
	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>	Asset revaluation reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2019 (audited)	336,483	10,004,289*	563,861*	149,275*	2,188*	-	(63,394)*	1,169,963*	12,162,665	(2)	12,162,663
Loss for the period	-	-	-	-	-	-	-	(1,121,181)	(1,121,181)	(10)	(1,121,191)
Other comprehensive income for the period:											
Exchange difference on translation of foreign operations	-	-	-	-	-	-	822	-	822	-	822
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	-	822	(1,121,181)	(1,120,359)	(10)	(1,120,369)
Equity-settled share option arrangements	-	-	-	14,425	-	-	-	-	14,425	-	14,425
Issue of shares (note 15)	120	2,481	-	(501)	-	-	-	-	2,100	-	2,100
Transfer of share option reserve upon the cancellation of share options	-	-	-	(163,199)	-	-	-	163,199	-	-	-
Transfer to contributed surplus [†]	-	(10,004,289)	10,004,289	-	-	-	-	-	-	-	-
2019 special dividend declared (note 8)	-	-	(4,981,733)	-	-	-	-	-	(4,981,733)	-	(4,981,733)
At 30 June 2019 (unaudited)	<u>336,603</u>	<u>2,481*</u>	<u>5,586,417*</u>	<u>-*</u>	<u>2,188*</u>	<u>-*</u>	<u>(62,572)*</u>	<u>211,981*</u>	<u>6,077,098</u>	<u>(12)</u>	<u>6,077,086</u>

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Attributable to ordinary equity holders of the Company									Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Statutory reserves	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (audited)	340,249	10,055,937	563,861	-	51,302	4,129	73,551	1,128,962	12,217,991	10	12,218,001
Profit/(loss) for the period	-	-	-	-	-	-	-	1,053,522	1,053,522	(5)	1,053,517
Other comprehensive expenses for the period:											
Exchange difference on translation of foreign operations	-	-	-	-	-	-	(25,807)	-	(25,807)	-	(25,807)
Release of exchange difference upon disposal of subsidiaries	-	-	-	-	-	-	(72,962)	-	(72,962)	-	(72,962)
Release of exchange difference upon deregistration of a subsidiary	-	-	-	-	-	-	(561)	-	(561)	-	(561)
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	-	(99,330)	1,053,522	954,192	(5)	954,187
Release of reserves upon disposal of subsidiaries (note 19 (b))	-	-	-	-	(48,750)	(4,129)	-	4,129	(48,750)	-	(48,750)
2017 final dividend declared and paid	-	-	-	-	-	-	-	(340,249)	(340,249)	-	(340,249)
At 30 June 2018 (unaudited)	<u>340,249</u>	<u>10,055,937</u>	<u>563,861</u>	<u>-</u>	<u>2,552</u>	<u>-</u>	<u>(25,779)</u>	<u>1,846,364</u>	<u>12,783,184</u>	<u>5</u>	<u>12,783,189</u>

* These reserve accounts comprise the consolidated reserves of HK\$5,740,495,000 (31 December 2018: HK\$11,826,182,000) in the consolidated statement of financial position.

Pursuant to a special resolution passed at the annual general meeting of the Company held on 12 June 2019, an amount of approximately HK\$10,004,289,000 standing to the credit of share premium account of the Company as at 31 December 2018 was reduced and the corresponding balance arising therefrom was credited to the contributed surplus account of the Company.

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Cash flows from operating activities		
Profit/(loss) before tax	(1,105,760)	1,151,934
Adjustments for:		
Finance costs	29,462	25,463
Finance costs included in cost of sales	15	–
Loss/(gain) on disposal of subsidiaries	692,526	(1,026,615)
Interest income	(56,647)	(13,052)
Loss/(gain) on disposal of items of property, plant and equipment	1,832	(2)
Equity-settled share option expense	14,425	–
Depreciation of property, plant and equipment	27,213	24,026
Depreciation of right-of-use assets	7,974	–
Fair value losses/(gains) on financial assets at fair value through profit or loss	201,485	(139,952)
Changes in fair value of an investment property	105,000	–
Impairment of assets of disposal groups classified as held for sale	580	–
Impairment of right-of-use assets	23,538	–
Impairment of goodwill	2,034	–
Impairment of trade receivables	428	–
Write-back of impairment of other receivables	–	(573)
Write-back of impairment of an amount due from an associate	–	(13)
	(55,895)	21,216
Increase in properties under development and properties held for sale, net	(12,900)	(69,275)
Decrease/(increase) in inventories	3,924	(66,995)
Increase in contract assets	(54,110)	(62,151)
Increase in trade receivables	(82,506)	(114,860)
Decrease in prepayments, deposits and other receivables	9,895	16,968
Decrease in an amount due to a related company	–	(922)
Increase/(decrease) in trade and retention payables and accruals	(119,805)	39,367
Decrease in other payables, deposits received and receipts in advance	(492)	(43,314)
Increase/(decrease) in contract liabilities	2,139	(10,861)
Decrease in deposits received	–	(15,418)
Cash used in operations	(309,750)	(306,245)
Taxes paid in the People's Republic of China (the "PRC"):		
Hong Kong	(995)	–
Elsewhere	(62,302)	(79,286)
Taxes refunded in the PRC:		
Hong Kong	–	2,737
Elsewhere	1,140	3
Effect of foreign exchange rate changes, net	(1,127)	(2,921)
Net cash flows used in operating activities	(373,034)	(385,712)

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cash flows from investing activities			
Interest received		65,778	13,052
Purchases of items of property, plant and equipment		(37,585)	(22,212)
Deposits paid for acquisition of items of property, plant and equipment		(411)	(2,470)
Proceeds from disposal of items of property, plant and equipment		1,048	7
Acquisition of subsidiaries	18	(699,651)	–
Proceeds from disposal of subsidiaries	19	5,147,916	6,655,678
Proceeds from disposal of subsidiaries in prior years		596,415	–
Proceeds received in advance for disposal of a subsidiary		–	1,438
Decrease in an amount due from an associate		–	13
Capital injection to a financial asset at fair value through profit or loss		–	(633,160)
Return of capital from financial assets at fair value through profit or loss		–	1,361,160
Distribution from financial assets at fair value through profit or loss	13(a)	60,152	10,865
Purchase of an investment fund at fair value through profit or loss		–	(343,200)
Subscription of convertible bonds	13(c)	–	(800,000)
Advance payment for capital injection to a financial asset at fair value through profit or loss		–	(354,990)
Decrease/(increase) in restricted cash		154,501	(2,516,645)
Decrease in structured deposits		580,686	–
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		1,000,000	(603,483)
Net cash flows from investing activities		6,868,849	2,766,053

Unaudited Condensed Interim Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cash flows from financing activities		
Interest paid	(52,136)	(108,173)
Interest element of lease payments	(1,056)	–
New bank borrowings	–	2,941,000
New other borrowing	–	300,000
Repayment of bank borrowings	(230,965)	(5,578,395)
Repayment of other borrowing	(300,000)	–
Redemption of guaranteed notes	(264,300)	–
Principal portion of lease payments	(7,868)	–
Dividends paid	–	(340,249)
Net cash flows used in financing activities	<u>(856,325)</u>	<u>(2,785,817)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,639,490	(405,476)
Cash and cash equivalents at beginning of period	915,409	2,817,211
Effect of foreign exchange rate changes, net	(10,882)	(42,587)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>6,544,017</u>	<u>2,369,148</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	2,027,794	2,279,422
Non-pledged time deposits	5,490,820	603,483
Cash and cash equivalents as stated in the consolidated statement of financial position	7,518,614	2,882,905
Less: Non-pledged time deposits with original maturity of over three months when acquired	(1,000,000)	(603,483)
Add: Pledged bank balances	–	31,408
Add: Cash and cash equivalents attributable to the disposal groups	25,403	58,318
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>6,544,017</u>	<u>2,369,148</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

Tysan Holdings Limited (formerly known as Hong Kong International Construction Investment Management Group Co., Limited) (the “Company”) is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is at 20th Floor, One Island South, No.2 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company and its subsidiaries (the “Group”) is principally engaged in foundation piling and site investigation, property development and investment and investment business. The Company’s shares (“Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

On 27 March 2019, upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I Co., Ltd. (“HNA Finance I”) to Times Holdings II Limited, the Company has become a subsidiary of Times Holdings II Limited, a company incorporated in Cayman Islands and ultimately controlled by The Blackstone Group L.P., which is listed on The New York Stock Exchange.

2. Basis of Preparation and Accounting Policies

2.1 Basis of Preparation

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in conjunction with the financial statements for the year ended 31 December 2018.

The unaudited condensed interim financial statements have been prepared under historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The accounting policies used in the preparation of the unaudited condensed interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2018, except for the changes in accounting policies made after the adoption of the revised HKFRSs as further detailed in note 2.2 below.

2.2 New Standards, Interpretation and Amendments Adopted by the Group

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2019:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Saved as further explained below, the adoption of the other new and revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation and Accounting Policies (Cont'd)

2.2 New Standards, Interpretation and Amendments Adopted by the Group (Cont'd)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New Definition of a Lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a Lessee – Leases Previously Classified as Operating Leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various office properties, warehouses, staff quarters and machinery. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation and Accounting Policies (Cont'd)

2.2 New Standards, Interpretation and Amendments Adopted by the Group (Cont'd)

As a Lessee – Leases Previously Classified as Operating Leases (Cont'd)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	<i>HK\$'000</i> (Unaudited)
Assets	
Increase in right-of-use assets and total assets	<u>43,668</u>
Liabilities	
Increase in lease liabilities and total liabilities	<u>43,668</u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	<i>HK\$'000</i> (Unaudited)
Operating lease commitments as at 31 December 2018	60,093
Weighted average incremental borrowing rate as at 1 January 2019	<u>5.375%</u>
Discounted operating lease commitment as at 1 January 2019	57,855
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	<u>(14,187)</u>
Lease liabilities as at 1 January 2019	<u>43,668</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation and Accounting Policies (Cont'd)

2.2 New Standards, Interpretation and Amendments Adopted by the Group (Cont'd)

Summary of New Accounting Policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use Assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease Liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

2. Basis of Preparation and Accounting Policies (Cont'd)

2.2 New Standards, Interpretation and Amendments Adopted by the Group (Cont'd)

Significant Judgement in Determining the Lease Term of Contracts with Renewal Options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease property for additional terms of one year. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts Recognised in the Unaudited Condensed Interim Consolidated Statement of Financial Position and Profit or Loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets – Buildings HK\$'000 (Unaudited)	Lease liabilities HK\$'000 (Unaudited)
As at 1 January 2019	43,668	43,668
Additions	1,334	1,334
Depreciation charge	(7,974)	–
Interest expense	–	1,056
Payments	–	(8,924)
Impairment recognised	(23,538)	–
As at 30 June 2019	13,490	37,134
Analysed for reporting purpose as:		
Non-current	13,490	21,474
Current	–	15,660
	13,490	37,134

The Group recognised rental expenses from short-term leases of HK\$10,042,000 for the period ended 30 June 2019.

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 23 August 2019.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

3. Segment Information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provided. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel.

For the six months ended 30 June

	Foundation piling		Property development and investment				Corporate and others		Elimination		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:												
Sales to external customers	1,251,425	1,290,363	23,366	210,402	55,920	24,494	15,440	18,176	-	-	1,346,151	1,543,435
Intersegment sales	103,368	217,087	-	-	-	-	-	1,000	(103,368)	(218,087)	-	-
Other income and gains	681	1,030	18,885	1,287	-	135,298	949	5,064	-	-	20,515	142,679
Total	1,355,474	1,508,480	42,251	211,689	55,920	159,792	16,389	24,240	(103,368)	(218,087)	1,366,666	1,686,114
Segment results	(65,644)	37,615	(803,792)	1,041,020	(103,203)	150,255	(160,306)	(64,545)			(1,132,945)	1,164,345
Interest income											56,647	13,052
Finance costs											(29,462)	(25,463)
Profit/(loss) before tax											(1,105,760)	1,151,934
Income tax expense											(15,431)	(98,417)
Profit/(loss) for the period											(1,121,191)	1,053,517

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

4. Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Construction services	1,251,425	1,290,363
Sales of properties held for sale	18,381	195,754
Rendering of management services	55,920	34,922
Machinery trading and engineering services	10,006	10,666
	<u>1,335,732</u>	<u>1,531,705</u>
<i>Revenue from other sources</i>		
Gross rental income	10,419	11,730
	<u>1,346,151</u>	<u>1,543,435</u>

Disaggregated Revenue Information for Revenue from Contracts with Customers

For six months ended 30 June 2019

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services					
Machinery trading	-	-	-	197	197
Sale of properties held for sale	-	18,381	-	-	18,381
Construction services	1,251,425	-	-	-	1,251,425
Machinery engineering services	-	-	-	9,809	9,809
Management services	-	-	55,920	-	55,920
Total revenue from contracts with customers	<u>1,251,425</u>	<u>18,381</u>	<u>55,920</u>	<u>10,006</u>	<u>1,335,732</u>
Geographical markets					
Hong Kong	1,251,425	-	55,920	10,006	1,317,351
Mainland China	-	18,381	-	-	18,381
Total revenue from contracts with customers	<u>1,251,425</u>	<u>18,381</u>	<u>55,920</u>	<u>10,006</u>	<u>1,335,732</u>
Timing of revenue recognition					
Good transferred at a point of time	-	18,381	-	197	18,578
Services transferred over time	1,251,425	-	55,920	9,809	1,317,154
Total revenue from contracts with customers	<u>1,251,425</u>	<u>18,381</u>	<u>55,920</u>	<u>10,006</u>	<u>1,335,732</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

4. Revenue (Cont'd)

Disaggregated Revenue Information for Revenue from Contracts with Customers (Cont'd)

For six months ended 30 June 2018

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Types of goods or services					
Machinery trading	–	–	–	412	412
Sale of properties held for sale	–	194,734	–	–	194,734
Construction services	1,290,363	–	–	–	1,290,363
Machinery engineering services	–	–	–	10,254	10,254
Management services	–	11,448	24,494	–	35,942
Total revenue from contracts with customers	<u>1,290,363</u>	<u>206,182</u>	<u>24,494</u>	<u>10,666</u>	<u>1,531,705</u>
Geographical markets					
Hong Kong	1,290,363	10,428	24,494	10,666	1,335,951
Mainland China	–	195,754	–	–	195,754
Total revenue from contracts with customers	<u>1,290,363</u>	<u>206,182</u>	<u>24,494</u>	<u>10,666</u>	<u>1,531,705</u>
Timing of revenue recognition					
Good transferred at a point of time	–	194,734	–	412	195,146
Services transferred over time	1,290,363	11,448	24,494	10,254	1,336,559
Total revenue from contracts with customers	<u>1,290,363</u>	<u>206,182</u>	<u>24,494</u>	<u>10,666</u>	<u>1,531,705</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

4. Revenue (Cont'd)

Disaggregated Revenue Information for Revenue from Contracts with Customers (Cont'd)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For six months ended 30 June 2019

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers					
External customers	1,251,425	18,381	55,920	10,006	1,335,732
Intersegment sales	103,368	–	–	–	103,368
	<u>1,354,793</u>	<u>18,381</u>	<u>55,920</u>	<u>10,006</u>	<u>1,439,100</u>
Intersegment adjustments and eliminations	(103,368)	–	–	–	(103,368)
Total revenue from contracts with customers	<u>1,251,425</u>	<u>18,381</u>	<u>55,920</u>	<u>10,006</u>	<u>1,335,732</u>

For six months ended 30 June 2018

Segments	Foundation piling HK\$'000 (Unaudited)	Property development and investment HK\$'000 (Unaudited)	Investment HK\$'000 (Unaudited)	Corporate and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue from contracts with customers					
External customers	1,290,363	206,182	24,494	10,666	1,531,705
Intersegment sales	217,087	–	–	814	217,901
	<u>1,507,450</u>	<u>206,182</u>	<u>24,494</u>	<u>11,480</u>	<u>1,749,606</u>
Intersegment adjustments and eliminations	(217,087)	–	–	(814)	(217,901)
Total revenue from contracts with customers	<u>1,290,363</u>	<u>206,182</u>	<u>24,494</u>	<u>10,666</u>	<u>1,531,705</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

5. Other Income and Gains

	Note	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income		56,647	13,052
Insurance claims		558	–
Gain on disposal of items of property, plant and equipment		–	2
Fair value gains on financial assets at fair value through profit or loss	13	–	139,952
Subsidy income*		–	216
Foreign exchange gains, net		12,174	–
Write-back of impairment of other receivables		–	573
Write-back of impairment of an amount due from an associate		–	13
Others		7,783	1,923
		<u>77,162</u>	<u>155,731</u>

* There are no unfulfilled conditions or contingencies relating to this income.

6. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment		27,213	24,026
Depreciation of right-of-use assets		7,974	–
Fair value losses/(gains) on financial assets at fair value through profit or loss*	13	201,485	(139,952)
Loss/(gain) on disposal of items of property, plant and equipment*		1,832	(2)
Impairment of trade receivables*		428	–
Write-back of impairment of other receivables*		–	(573)
Impairment of right-of-use assets*		23,538	–
Impairment of goodwill*		2,034	–
Impairment of assets of disposal groups classified as held for sale*	20	580	–
Foreign exchange differences, net*		<u>(12,174)</u>	<u>21,933</u>

* These amounts are included in "Other income and gains" or "Other expenses, net" in the consolidated statement of profit or loss.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

7. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Current:		
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	9,463	6,875
Elsewhere	6,232	159,864
	<u>15,695</u>	<u>166,739</u>
Overprovision in the prior years:		
PRC:		
Elsewhere	(1,139)	(415)
Deferred tax	<u>875</u>	<u>(67,907)</u>
Total tax charge for the period	<u><u>15,431</u></u>	<u><u>98,417</u></u>

8. Dividends

	Six months ended 30 June	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Special dividend – HK\$1.48 (2018: Nil) per ordinary share	<u><u>4,981,733</u></u>	<u><u>–</u></u>

Notes:

- a) A special dividend of HK\$1.48 per ordinary share, totally approximately HK\$4,981,733,000, was approved by Board of Directors on 3 June 2019, which was conditional upon a reduction in share premium becoming effective. Pursuant to a special resolution passed at the annual general meeting of the Company held on 12 June 2019, the share premium reduction was approved and effectively transferred to contributed surplus for dividend distribution. The special dividend was paid on 4 July 2019. The special dividend has been recognised as a liability in the unaudited condensed interim financial statements as at 30 June 2019.
- b) An interim dividend in respect of six months ended 30 June 2019 of HK\$0.21 per ordinary share, amounting to HK\$706,867,000 was approved at the board meeting on 23 August 2019. The interim dividend has not been recognised as a liability in the unaudited condensed interim financial statements.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(Cont'd)

9. Earnings/(Loss) per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$1,121,181,000 (2018: profit of HK\$1,053,522,000), and the weighted average number of ordinary shares of 3,365,942,891 (2018: 3,402,497,709) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the period ended 30 June 2019 in respect of a dilution as the impact of the share options had an anti-dilutive effect in the basic loss per share amounts presented. No diluted loss per share is presented for the period ended 30 June 2018 as the Group had no potentially dilutive ordinary shares in issue.

10. Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$37,921,000 (2018: HK\$22,253,000), excluding property, plant and equipment acquired through a business combination disclosed in note 18 to the unaudited condensed interim financial statements. Property, plant and equipment with a net carrying amount of HK\$2,880,000 were disposed of by the Group during the six months ended 30 June 2019 (2018: HK\$5,000) resulting in a net loss on disposal of HK\$1,832,000 (2018: net gain of HK\$2,000).

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

11. Trade Receivables

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade receivables	249,193	167,164
Impairment	(457)	(29)
	<u>248,736</u>	<u>167,135</u>

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Within 90 days	247,406	164,729
91 to 180 days	972	1,296
181 to 365 days	254	558
Over 365 days	104	552
	<u>248,736</u>	<u>167,135</u>

Included in the trade receivables are an amount due from a related company of HK\$104,000 (31 December 2018: HK\$32,291,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

12. Prepayments, Deposits and Other Receivables

As at 30 June 2019, included in prepayments, deposits and other receivables is an advance payment for capital injection to a fund, of which the general partner and the initial limited partner are subsidiaries of HNA Group Co., Ltd. (“HNA Group”), which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company, classified as financial asset at fair value through profit or loss of HK\$367,700,000 (31 December 2018: HK\$367,700,000).

As at 31 December 2018, the balance also included the remaining consideration receivables of RMB510,800,000 (equivalent to approximately HK\$581,597,000) from HNA Shou Fu Investment Co., Ltd. (“HNA Shou Fu”), a subsidiary of HNA Group, for disposal of subsidiaries, details of which are set out in note 19(b) to the unaudited condensed interim financial statements. The balance was fully settled in March 2019.

13. Financial Assets at Fair Value Through Profit or Loss

	<i>Notes</i>	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Unlisted investment funds, at fair value	(a)	30,730	96,519
Unlisted wealth management investment in a fund, at fair value	(b)	314,895	362,011
Convertible bonds, at fair value	(c)	685,000	833,732
		<u>1,030,625</u>	<u>1,292,262</u>

Notes:

- (a) HKICIM Fund II, L.P. (“Fund II”), in which the Group’s interests is 12.07%, and HKICIM Fund III, L.P. (“Fund III”), in which the Group’s interests is 16.57%, were set up with Hisea International Co., Ltd. (“Hisea”) in prior years. Hisea is a then wholly-owned subsidiary of HNA Holding Group Co., Ltd. (“HNA Holding Group”), which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company.

Fund II and Fund III (collectively, the “Funds”) had primarily invested in Total Thrive Holdings Limited (“Total Thrive”) and Sky Hero Developments Limited (“Sky Hero”), which through intermediate holding companies, hold two property development projects at Kai Tak, Kowloon. On 14 February 2018, the Funds disposed of their entire equity interests in Total Thrive and Sky Hero. Further details of this disposal were set out in the Company’s announcement dated 12 February 2018.

As at 30 June 2019, the fair values of the Group’s investment in the Funds were HK\$30,730,000 (31 December 2018: HK\$96,519,000) which were estimated with reference to the fair values of the underlying assets held by the Funds. During the period ended 30 June 2019, distributions from the Funds of HK\$60,152,000 were received and fair value losses of HK\$5,637,000 were recorded in the consolidated statement of profit or loss.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

13. Financial Assets at Fair Value Through Profit or Loss (Cont'd)

Notes: (Cont'd)

- (b) As at 30 June 2019, the fair value of the unlisted wealth management investment in a fund was HK\$314,895,000 (31 December 2018: HK\$362,011,000) based on the quoted prices of the fund from the fund manager and a fair value loss of HK\$47,116,000 (2018: fair value gain of HK\$4,654,000) was recorded in the consolidated statement of profit or loss during the period.
- (c) On 30 June 2018, the Group subscribed for 3-year unsecured convertible bonds of an aggregate principal amount of HK\$800,000,000, which bear interest at 8% per annum and carry a conversion option to convert the convertible bonds into 95% of the issued and outstanding share capital of Holistic Capital Investment Limited ("Holistic"), an indirectly wholly-owned subsidiary of Hong Kong Airlines Limited ("HKA"). The Group has the right to convert the bonds to issued share capital of Holistic at any time prior to the maturity date and to request early redemption of the bonds at any time after 31 December 2018 if the potential investment has not been consummated on or before 31 December 2018. The convertible bonds are irrevocably and unconditionally guaranteed by HKA and Hong Kong Air Cargo Carrier Limited, a subsidiary of HKA and the sole shareholder of the convertible bonds issuer. The fair value of the convertible bonds as at 30 June 2019 was HK\$685,000,000 (31 December 2018: HK\$833,732,000), based on an external valuation report prepared by an independent professional valuer, and a fair value loss of HK\$148,732,000 (2018: Nil) was recorded in the consolidated statement of profit or loss during the period. As at the date of this unaudited condensed interim financial statement, the potential investment has not yet been consummated. For details, please refer to the Company's announcement dated 7 August 2019.

14. Trade and Retention Payables and Accruals

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Trade payables:		
Within 90 days	245,229	370,655
91 to 180 days	36,545	879
Over 180 days	2,982	25
	<hr/>	<hr/>
	284,756	371,559
Retention payables	78,730	74,348
Accruals	195,407	247,164
	<hr/>	<hr/>
	558,893	693,071

As at 30 June 2019, retention payables, amounting to HK\$44,497,000 (31 December 2018: HK\$43,131,000) were expected to be repayable within twelve months after the end of the reporting period.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

15. Share Capital

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Authorised:		
6,000,000,000 ordinary shares of HK\$0.10 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:		
3,366,035,709 (2018: 3,364,835,709) ordinary shares of HK\$0.10 each	<u>336,603</u>	<u>336,483</u>

During the year ended 31 December 2018, the subscription rights attaching to 1,200,000 share options were exercised at the subscription price of HK\$1.75 per share, resulting in the issue of 1,200,000 shares in January 2019 for a total consideration of HK\$2,100,000.

16. Contingent Liabilities

(a)

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Guarantees in respect of performance bonds in relation to subsidiaries	<u>382,004</u>	<u>325,219</u>

(b) As at 30 June 2019, the Group provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to HK\$4,433,000 (31 December 2018: HK\$4,645,000).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for these guarantees in the unaudited condensed interim financial statements.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

17. Commitments

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
(a) Property, plant and equipment: – contracted, but not provided for	<u>49,947</u>	<u>692</u>
(b) Construction works relating to properties under development: – contracted, but not provided for	<u>–</u>	<u>20,916</u>

18. Business Combination

On 28 February 2019, Fundamental Assets IV Limited (“Fundamental Assets IV”), a wholly-owned subsidiary of the Company, and Jinshang International Investment Company Limited (“Jinshang International”), an independent third party, entered into a sale and purchase agreement, pursuant to which, Fundamental Assets IV agreed to purchase and Jinshang International agreed to sell the entire issued capital of Superior Choice Holdings Limited (“Superior Choice”) and the loans owned by Superior Choice and its subsidiary to Jinshang International at cash consideration of HK\$700,000,000 (subject to adjustment). The principal assets of Superior Choice comprise all the issued share capital of Excel Pointer Limited, the sole legal and beneficial owner of a property known as “CentreHollywood” located at No. 151 Hollywood Road, Hong Kong. The acquisition was completed on 28 February 2019 and the final consideration was agreed at HK\$698,018,000.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

18. Business Combination (Cont'd)

The fair value of the identifiable assets and liabilities of Superior Choice and Excel Pointer Limited (collectively referred as the "Superior Choice Group") as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$'000 (Unaudited)
Property, plant and equipment	174
Investment property	700,000
Prepayments, deposits and other receivables	369
Cash and cash equivalents	349
Trade payables and accruals	(636)
Other payables, deposits received and receipt in advance	(2,066)
Tax payable	(321)
Deferred tax liabilities	(1,885)
Loans from the shareholder	(338,687)
Total identifiable net assets at fair value	357,297
Loans from the shareholder assigned to the Group	338,687
Goodwill on acquisition	2,034
	<u>698,018</u>
Satisfied by:	
Cash consideration	700,000
Other receivable	(1,982)
Total consideration	<u>698,018</u>

The Group incurred transaction costs of HK\$4,025,000 for this transaction of which HK\$3,291,000 were recorded during the period ended 30 June 2019. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

18. Business Combination (Cont'd)

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition during the period was as follows:

	<i>HK\$'000</i>
Cash consideration	(700,000)
Cash and cash equivalents acquired	<u>349</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(699,651)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(3,291)</u>
	<u><u>(702,942)</u></u>

19. Disposal of Subsidiaries

(a) Disposal of Twinpeak Assets Limited

For period ended 30 June 2019

On 1 February 2019, Omnilink Assets Limited (“Omnilink”), a wholly-owned subsidiary of the Company, and the Company (as Omnilink’s guarantor) entered into a sale and purchase agreement with independent third parties, Fabulous New Limited (“Fabulous”) and Wheelock Properties Limited (as Fabulous’ guarantor), respectively, pursuant to which, Fabulous agreed to acquire from Omnilink the entire issued capital of Twinpeak Assets Limited and all amounts which Twinpeak Assets Limited owes to Omnilink as at the date of completion at cash consideration of HK\$3,912,225,000 (subject to adjustment) (the “Twinpeak Disposal”). The principal assets of Twinpeak Assets Limited comprised all the issued share capital of Milway Development Limited, the owner of the development under construction on New Kowloon Inland Lot No. 6563 on Kai Tak Area 1L Site 2, Kai Tak, Kowloon, Hong Kong. The Twinpeak Disposal was completed on 15 February 2019 and the final consideration was HK\$5,192,449,000.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

19. Disposal of Subsidiaries (Cont'd)

(a) Disposal of Twinpeak Assets Limited (Cont'd)

For period ended 30 June 2019 (Cont'd)

	<i>HK\$'000</i>
Net assets disposed of:	
Properties under development	7,531,449
Prepayments, deposits and other receivables	118
Pledged bank balances	37,469
Restricted cash	1,276,396
Cash and cash equivalents	7,064
Trade and retention payables and accruals	(31,378)
Other payables, deposits received and receipt in advance	(80)
Interest-bearing bank borrowings	(2,936,063)
Loan from the Group	(6,489,641)
	<u>(604,666)</u>
Loan from the Group assigned	6,489,641
Loss on disposal of subsidiaries debited to profit or loss	(692,526)
	<u>5,192,449</u>
Satisfied by:	
Cash consideration	<u>5,192,449</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Twinpeak Disposal during the period was as follows:

	<i>HK\$'000</i>
Cash consideration	5,192,449
Pledged bank balances disposed of	(37,469)
Cash and cash equivalents disposed of	(7,064)
	<u>5,147,916</u>

Details of the Twinpeak Disposal were set out in the Company's announcements dated 1 February 2019 and 15 February 2019 and the circular dated 25 February 2019.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

19. Disposal of Subsidiaries (Cont'd)

(b) Disposal of Tysan Shanghai and Tysan Tianjin

For period ended 30 June 2018

On 13 November 2017, Great Regent Investments Limited, Shanghai Changning Duncan Property Consulting Company Limited, Red Shine Investment Limited and Carriway Limited (collectively, the “Shanghai Sellers”), each being a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of the Shanghai Sellers’ entire equity interests in Tysan Land (Shanghai) Limited (“Tysan Shanghai”) at a cash consideration of RMB585.8 million (the “Shanghai Disposal”). Tysan Shanghai is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Waterfront, in Shanghai. It primarily derives its revenue from the sales of residential property and to a relatively minor extent, leasing of property. The Shanghai Disposal was completed on 30 April 2018.

On 13 November 2017, Great Prosper Limited (the “Tianjin Seller”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with HNA Shou Fu for disposal of Tianjin Seller’s entire equity interest in Tysan Property Development (Tianjin) Limited (“Tysan Tianjin”) at a cash consideration of RMB435.8 million (the “Tianjin Disposal”). Tysan Tianjin is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Riverside, in Tianjin. It primarily derives its revenue from the sales of residential property. The Tianjin Disposal was completed on 30 April 2018.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

19. Disposal of Subsidiaries (Cont'd)

(b) Disposal of Tysan Shanghai and Tysan Tianjin (Cont'd)

For period ended 30 June 2018 (Cont'd)

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	2,291
Investment properties	235,810
Available-for-sale investment	1,239
Deferred tax assets	1,035
Loans to the Group	364,119
Properties held for sale	35,462
Properties under development	15,137
Amounts due from the Group	21,777
Trade receivables	421
Prepayments, deposits and other receivables	4,991
Cash and cash equivalents	321,209
Trade payables and accruals	(5,279)
Deposits received and other payables	(3,104)
Tax payable	(5,498)
Deferred tax liabilities	(42,856)
	<u>946,754</u>
Release of exchange fluctuation reserve	(72,962)
Release of statutory reserve	(48,750)
Gain on disposal of subsidiaries credited to profit or loss	440,209
	<u>1,265,251</u>
Satisfied by:	
Cash consideration	632,625
Other receivables	632,626
	<u>1,265,251</u>
Total consideration	<u>1,265,251</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Shanghai Disposal and Tianjin Disposal during the period ended 30 June 2018 was as follows:

	<i>HK\$'000</i>
Cash consideration	632,625
Cash and cash equivalents disposed of	(321,209)
	<u>311,416</u>
Net inflow of cash and cash equivalents in respect of the Shanghai Disposal and Tianjin Disposal	<u>311,416</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

19. Disposal of Subsidiaries (Cont'd)

(c) Disposal of Onwards Asia Limited

For period ended 30 June 2018

On 16 May 2018, Omnilink disposed of its entire equity interest in Onwards Asia Limited and assigned all amounts which Onwards Asia Limited owing to Omnilink as at that date to Fabulous at a cash consideration of HK\$6,348,343,000 (the "Onwards Asia Disposal"). The principal assets of Onwards Asia Limited comprise all the issued share capital of Top Genius Holdings Limited, which engages in a property development project at Kai Tak, Kowloon.

	<i>HK\$'000</i>
Net assets disposed of:	
Properties under development	5,772,749
Cash and cash equivalents	4,081
Trade payables and accruals	(14,893)
Loan from the Group	(5,820,366)
	<u>(58,429)</u>
Loan from the Group assigned	5,820,366
Gain on disposal of a subsidiary credited to profit or loss	586,406
	<u>6,348,343</u>
Satisfied by:	
Cash consideration	<u>6,348,343</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Onwards Asia Disposal during the period ended 30 June 2018 was as follows:

	<i>HK\$'000</i>
Cash consideration	6,348,343
Cash and cash equivalents disposed of	(4,081)
Net inflow of cash and cash equivalents in respect of the Onwards Asia Disposal	<u>6,344,262</u>

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

20. Disposal Groups Classified as Held for Sale

Disposal of Superior Choice

On 19 June 2019, Fundamental Assets IV and the Company (as the guarantor of Fundamental Assets IV) entered into a sale and purchase agreement with New Pursue Limited and Emperor International Holdings Limited (as the guarantor of New Pursue Limited), pursuant to which Fundamental Assets IV agreed to sell and assign to New Pursue Limited, and New Pursue Limited agreed to purchase and take the assignment from Fundamental Assets IV, the entire issued shares of Superior Choice and all loans owing by Superior Choice to Fundamental Assets IV as at and immediately before the completion of the disposal, for a total cash consideration of HK\$595,000,000 (the “Superior Choice Disposal”). The principal assets of Superior Choice comprise all the issued share capital of Excel Pointer Limited, the sole legal and beneficial owner of a property known as “CentreHollywood” located at No. 151 Hollywood Road, Hong Kong. Upon completion of the Superior Choice Disposal, Superior Choice Group will cease to be subsidiaries of the Company. The Superior Choice Disposal was completed on 19 August 2019.

Disposal of Tysan Land (Shenyang) Limited

On 13 November 2017, Sparkle Key Limited, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Hainan HNA Infrastructure Investment Group Co., Ltd. (“HNA Infrastructure”), a company established in the PRC with limited liability whose shares are listed on the Shanghai Stock Exchange and a subsidiary of HNA Group, for disposal of its entire equity interest in Tysan Land (Shenyang) Limited (“Tysan Shenyang”) at a cash consideration of RMB762 million (the “Shenyang Disposal”). Tysan Shenyang is a single project company established in the PRC engaging in the operation of a residential and commercial property development project, namely The Pinnacle, in Shenyang. It primarily derives its revenue from the sales of residential properties. Upon completion of the Shenyang Disposal, Tysan Shenyang will cease to be a subsidiary of the Company and the Company will no longer have any interest in the property development projects. As at 30 June 2019, the Shenyang Disposal had not been completed. Although some completion conditions, such as business license update and change of legal representative, were completed, certain completion conditions, including but not limited to administrative procedures with the Ministry of Commerce for foreign investment enterprise and the receipt of consideration payment, originally expected to be completed in 2018, were delayed and remained not completed. The Group re-evaluated the progress and expects the Shenyang Disposal to be completed in 2019.

Accordingly, the assets and liabilities of Superior Choice Group and Tysan Shenyang as at 30 June 2019 were classified as disposal groups classified as held for sale.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

20. Disposal Groups Classified as Held for Sale (Cont'd)

The major classes of assets and liabilities of disposal groups classified as held for sale as at the end of the reporting period are as follows:

	<i>Notes</i>	As at 30 June 2019 <i>HK\$'000</i> (Unaudited)	As at 31 December 2018 <i>HK\$'000</i> (Audited)
<i>Assets</i>			
Property, plant and equipment		1,965	1,967
Investment property		595,000	–
Properties held for sale		1,139,165	1,165,888
Trade receivables		76	55
Prepayments, deposits and other receivables		4,451	3,505
Tax prepaid		6,925	7,766
Cash and cash equivalents		25,403	23,683
		<u>1,772,985</u>	<u>1,202,864</u>
<i>Liabilities</i>			
Trade and retention payables and accruals	(a)	88,264	118,246
Contract liabilities		8,111	1,167
Other payables, deposits received and receipts in advance		3,922	2,048
Other loans	(b)	334,190	334,748
Tax payable		1,560	1,121
Deferred tax liabilities		1,731	1,942
		<u>437,778</u>	<u>459,272</u>
Liabilities directly associated with the assets classified as held for sale		<u>437,778</u>	<u>459,272</u>
Net assets directly associated with the disposal groups		<u>1,335,207</u>	<u>743,592</u>

Notes:

- (a) Included in the balances as at 30 June 2019 are amounts due to Tysan Shanghai of HK\$6,187,000 (31 December 2018: HK\$2,118,000) and Tysan Tianjin of HK\$3,778,000 (31 December 2018: HK\$198,000) which were unsecured, interest-free and repayable on demand.
- (b) As at 30 June 2019, the balances included a loan from Tysan Shanghai of HK\$170,505,000 (31 December 2018: HK\$170,790,000) which was unsecured, bore interest at the interest rate published by The People's Bank of China ("PBOC") and was repayable on 29 September 2020, and a loan from Tysan Tianjin of HK\$163,685,000 (31 December 2018: HK\$163,958,000) which was unsecured, bore interest at the interest rate published by PBOC and was repayable on 21 December 2019.

In accordance with HKFRS 5, the measurement of investment property as a non-current asset is accounted for in accordance to fair value model under HKAS 40 *Investment Property*. As at 30 June 2019, the fair value of the investment property is estimated by management with reference to the disposal cash consideration of HK\$595,000,000. A change of fair value of the investment property of HK\$105,000,000, representing the difference between the fair value of the investment property as at acquisition date and the end of the reporting period, is recognised in profit or loss for the period ended 30 June 2019.

In addition, under HKFRS 5, the assets held for sale of Superior Choice Group with carrying amounts of HK\$594,704,000 were written down to their fair values less costs to sell of HK\$594,124,000, resulting in an impairment loss of HK\$580,000 included in profit or loss for the period ended 30 June 2019.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

21. Related Party Transactions

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions with related parties during the period ended 30 June 2019:

- (a) For the period ended 30 June 2019, compensation to key management personnel of the Group amounted to HK\$27,158,000 (period ended 30 June 2018: HK\$28,949,000).
- (b) Details of the Group's balances with related companies as at the end of the reporting period are included in notes 11, 12 and 20 to the unaudited condensed interim financial statements.
- (c) During the period from 1 January 2019 to 27 March 2019, the Group recorded a management fee income of HK\$14,208,000 (period ended 30 June 2018: HK\$9,747,000) from Fund II, HK\$9,004,000 (period ended 30 June 2018: HK\$5,130,000) from Fund III and HK\$7,068,000 (period ended 30 June 2018: HK\$9,617,000) from HKICIM Fund V, L.P. ("Fund V"), respectively.

Fund II, Fund III and Fund V are non-wholly-owned subsidiaries of HNA Holding Group, which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Fund II, Fund III and Fund V ceased to be related companies of the Company.

- (d) During the period from 1 January 2019 to 27 March 2019, interest expenses of HK\$1,976,000 (period from 1 May 2018 to 30 June 2018: HK\$1,489,000) and HK\$1,737,000 (period from 1 May 2018 to 30 June 2018: HK\$1,571,000) were charged by Tysan Shanghai and Tysan Tianjin, respectively, according to the terms detailed in note 20(b).

Upon completion of Shanghai Disposal and Tianjin Disposal to HNA Shou Fu on 30 April 2018, Tysan Shanghai and Tysan Tianjin became related companies of the Group. HNA Shou Fu is a subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Tysan Shanghai and Tysan Tianjin ceased to be related companies of the Company.

Unaudited Condensed Interim Financial Statements

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS (Cont'd)

21. Related Party Transactions (Cont'd)

Save as disclosed elsewhere in the unaudited condensed interim financial statements, the Group had the following transactions with related parties during the period ended 30 June 2019: (Cont'd)

- (e) During the period from 1 January 2019 to 27 March 2019, the Group was charged HK\$19,000 by Hainan Marine Construction Project Management Contracting Co., Limited (“Hainan Marine Construction”) in relation to the provision of a platform for managing, editing and searching building information model (“BIM”) documents and BIM models (“BIM platform”).

During the period ended 30 June 2018, the Group was charged HK\$58,000 and HK\$150,000 by Hainan Marine Construction in relation to the provision of the preparation of BIM, running of the conflict tests and consultation on BIM related matters (“BIM modeling services”), and BIM platform, respectively.

Hainan Marine Construction is a non-wholly-owned subsidiary of HNA Group, which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company. Upon the completion of the transfer of approximately 69.54% of issued shares of the Company by HNA Finance I to Times Holdings II Limited on 27 March 2019, Hainan Marine Construction ceased to be a related company of the Company.

- (f) During the period ended 30 June 2019, the Group recorded rental income of HK\$55,000 from Tysan Building Construction Company Limited (“TBC”) (period ended 30 June 2018: Nil) for sub-lease of a closed storage place.

TBC is ultimately controlled by Mr. Fung Chiu Chak, Victor, an executive director of the Company.

- (g) During the period ended 30 June 2018, the Group contracted the supply and installation of temporary mock up shed of approximately HK\$5,288,000 and subcontracted rental and engineering works related to tower cranes of approximately HK\$32,000 to TBC.
- (h) During the period from 1 January 2018 to 14 February 2018, the Group recorded project development income of HK\$5,518,000 and HK\$4,910,000 from Denco Properties Limited (“Denco”) and Hongkong Island Construction Properties Co., Limited (“HIC”), respectively.

Prior to the disposal of Total Thrive and Sky Hero, holding companies of Denco and HIC, by Fund II and Fund III respectively on 14 February 2018 as detailed in note 13(a) to the unaudited condensed interim financial statements, Denco and HIC were non-wholly-owned subsidiaries of HNA Holding Group, which in turn is the holding company of HNA Finance I, the then controlling shareholder of the Company.

These transactions were entered into by the Group and its related companies in accordance with the terms of the respective agreements.

Corporate Information

Board of Directors

Executive Directors

Mr FUNG Chiu Chak, Victor (*Vice Chairman*)
Mr SUN Kin Ho Steven

Non-executive Directors

Mr Justin WAI (*Chairman*)
Mr WANG Tianbing
Mr David Robert MCCLURE
Mr LAU Che Hang Alex
Mr WU Charles Hsing-yuan
Mr YUEN Pak Man

Independent Non-executive Directors

Mr FAN Chor Ho
Mr TSE Man Bun
Mr LUNG Chee Ming, George
Mr LI Kit Chee

Audit Committee

Mr FAN Chor Ho (*Chairman*)
Mr TSE Man Bun
Mr LUNG Chee Ming, George
Mr LI Kit Chee

Remuneration Committee

Mr TSE Man Bun (*Chairman*)
Mr Justin WAI
Mr FUNG Chiu Chak, Victor
Mr WANG Tianbing
Mr FAN Chor Ho
Mr LUNG Chee Ming, George
Mr LI Kit Chee

Nomination Committee

Mr Justin WAI (*Chairman*)
Mr FUNG Chiu Chak, Victor
Mr WANG Tianbing
Mr FAN Chor Ho
Mr TSE Man Bun
Mr LUNG Chee Ming, George
Mr LI Kit Chee

Financial Controller

Miss WANG Xiaoqiong

Company Secretary

Miss WONG Suk Han, Kitty

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Reed Smith Richards Butler

Principal Bankers

Shanghai Commercial Bank Limited
Hang Seng Bank Limited
DBS Bank Ltd.
BNP Paribas Hong Kong Branch
China Construction Bank
China Citic Bank International Limited

Registered Office

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